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C O N F I D E N T I A L SECTION 01 OF 04 MANAGUA 000361

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E.O. 12958: DECL: 03/14/2018  
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SUBJECT: WHA/CEN DIRECTOR FEELEY VISITS NICARAGUA

REF: A. MANAGUA 153  
[1](#)B. MANAGUA 209  
[1](#)C. MANAGUA 297

Classified By: Ambassador Paul A Trivelli for reasons 1.4(b,d)

[1](#)1. (C) SUMMARY: During his March 4-5 visit to Nicaragua, Office Director for Central American Affairs John Feeley delivered a consistent message that the USG desires a constructive and positive relationship with the Ortega administration and that the U.S. will stay engaged for the benefit of the Nicaraguan people. Feeley also led the technical delegation that will study Nicaragua's medical infrastructure with a view to formulating a USG offer to provide medical equipment in exchange for obsolete Nicaraguan anti-air missiles (MANPADs). Former Nicaraguan Liberal Alliance president and Managuan mayoral candidate Eduardo Montealegre acknowledged the risks of his alliance with the Constitutional Liberal Party (PLC), but insisted that "getting rid of the Pacto means getting rid of Ortega." USAID's democracy partners warned that a divided and weakened civil society is incapable of mounting organized opposition to Ortega's increasingly autocratic administration. Managua mayor Nicho Marenco characterized the Liberal mayoral ticket for Managua as "strong" and admitted that the FSLN's mayoral candidate "has no chance." Former Sandinista National Liberation Front (FSLN) vice president Sergio Ramirez supported the USG's general engagement policy in Nicaragua, while making the point that international cooperation should be separated from political relations. In an extended interview with a leading daily, Feeley recapped both his MANPADs mission and offered a general overview of U.S.-Nicaraguan relations as productive and satisfactory, despite some differences with the FSLN government, particularly on property claim resolutions. END SUMMARY.

MANPADs, Regional Issues, and Colombia with Ortega  
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[1](#)2. (C) Feeley and the Ambassador, along with two representatives from the Armed Forces Medical Intelligence Center (AFMIC) visiting Nicaragua to conduct a comprehensive analysis of Nicaragua's public health system, met with President Ortega on the evening of March 4. Although the meeting was delayed until after 10pm, the encounter quickly became an informal and wide ranging conversation, despite the presence of several Nicaraguan ministers, military officials,

and a large press contingent. Feeley stressed to Ortega that the MANPADs belong to another era and the USG and Ortega,s government have a rare opportunity to put much of that past behind them by reaching an agreement to turnover these missiles. Feeley linked the destruction of these missiles to the administration,s Merida Initiative, underscoring that the transnational threats the isthmus and the United States confront cannot be effectively neutralized with MANPADs, but rather with increased interoperability among regional police forces, better intelligence and information sharing, and improved investigative and prosecutorial capabilities. The AFMIC team leader provided an overview of the team,s mission and described initial impressions from the first day of field work.

13. (C) Ortega segued from health care to migration and free trade, repeating his belief that CAFTA should be renegotiated due to the inherent asymmetries between the U.S. and regional economies and in order to "avoid driving more migration to the U.S." due to the closing of businesses. Feeley countered that initial statistics from the region indicate that CAFTA has actually generated new jobs among small and medium businesses. He highlighted the development linkages of CAFTA and export-driven growth with the MCC project in Nicaragua. Ortega concurred that the MCC has been a success and expressed his appreciation for MCC CEO Danilovich,s interest in the project, as well as his hope for more assistance of this nature. He provided a detailed analysis of the state of Nicaraguan agriculture and the possibility that it could become Central America,s milk, dairy and beef provider.

14. (C) Finally, Ortega touched on Nicaragua's dispute with Colombia over the 82nd parallel and the International Court of Justice's (ICJ) recent decision. He also decried Colombia recent incursion into Ecuadorian territory and the strike on the FARC encampment which killed FARC spokesperson Raul Reyes. Feeley responded that Colombia had a right to self defense from terrorist groups using the sovereign territory of neighboring states as a refuge. He also stated that, in his personal opinion, neither Reyes nor the FARC genuinely sought a negotiated peace or incorporation into Colombian civil society. The FARC seeks a power sharing arrangement and will continue to terrorize the Colombian people as long as its drug-fueled profits allow. Ortega disagreed and stated his belief that the FARC seeks a more just Colombian society, but that Uribe is a bellicose and arrogant leader, as evidenced by the GOC,s provocations against Nicaragua in the Caribbean. Feeley repeated the recent injunction of the Deputy Secretary to both FM Santos and Colombian FM Araujo that both sides desist from provocative actions and let the maritime boundary dispute be resolved by the ICJ. Ortega responded Nicaragua would not seek confrontation, but he was unsure Colombia would exercise such self-restraint. (NOTE: The following day the GON broke relations with Colombia over the Ecuador attack, only to restore them several days later following a Rio Summit meeting in Santo Domingo. END NOTE)

#### Lesser of Two Evils

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15. (C) Speaking of his decision to align his supporters with the PLC and run on the PLC ticket in November's municipal elections, Eduardo Montealegre readily acknowledged that this new alliance carries inherent risks. Stating that the alliance "gives oxygen to (former President and convicted felon) Arnoldo Aleman," Montealegre insisted that "getting rid of the Pacto means getting rid of Ortega" and that winning the majority of the municipalities in November's election is essential to forestall Ortega's efforts to stay in power after 2011. Despite his commitment to the alliance with the PLC, Montealegre wryly admitted that the Supreme Electoral Council (CSE) could rule the alliance illegal because "the law doesn't work and the CSE does what it wants." Montealegre also spoke in favor of an amnesty law to provide some measure of protection against blackmail for those politicians seeking real change. Without such a law, he reasoned, Ortega and Aleman will continue to manipulate the levers of state against any and all who threaten their

power.

## Civil Society - The Deafening Silence

16. (C) USAID's democracy partners -- International Republican Institute (IRI), National Democratic Institute (NDI), and the International Foundation for Electoral Systems (IFES) -- decried civil society's slow self-destruction. Due to power struggles and lack of cooperation, civil society groups have failed to mount a unified campaign against Ortega's steady concentration of power in the executive branch. The three partners highlighted that civil society has been virtually silent on key issues such as firings within the CSE (ref A), the attempt to suspend elections in the North Atlantic Autonomous Region (RAAN) (ref B), and the CSE's stripping control of the ALN from Montealegre (ref C) among other issues. In addition, instead of supporting and strengthening political opposition parties, remarked the partners, civil society organizations are acting as quasi-political parties, fighting among themselves both for U.S. attention and organizational preeminence. This behavior has frequently put them at odds with opposition parties and confused the population.

## Former Sandinista Vice President Criticizes Ortega

17. (C) According to Sergio Ramirez, Vice President during Ortega's first administration, one of the more disturbing elements of Ortega's first year as president was his ability to manipulate the IMF into allowing the GON to receive funding and Venezuela oil from President Chavez without any accounting for this income. He also criticized Ortega's "double discourse" -- his penchant for fiery anti-American rhetoric that is not matched by commensurately anti-U.S. or anti-market actions -- as a tactic to divert attention from his main goal of perpetuating himself in power. Ramirez said if the FSLN were to succeed and Ortega to remain in power, Nicaragua would no longer be a "viable" country. When asked his opinion of U.S. policy toward Nicaragua, Ramirez agreed the U.S. was right to not respond publicly to Ortega's egregious rhetoric and to remain engaged in helping alleviate Nicaragua's crushing poverty. Ramirez believed that international cooperation needed to be separated from political relations. In his view, one country helping another, despite political disagreements, was "the right thing to do." He also recognized that the Nicaraguan people were sophisticated enough to recognize these dichotomy, but would prefer that the U.S. and Nicaragua maintain good relations despite their President's often confusing public attitude with regard to the United States.

## Marenco - "FSLN Has no Chance to Win in Managua"

18. (C) In a lunch meeting with Feeley, Dionisio "Nicho" Marenco, the FSLN mayor of Managua, directly stated that his former vice mayor -- former championship boxer and the FSLN's mayoral candidate for Managua in November, Alexis Arguello -- "doesn't have a chance to win (in November's election). No way." According to Marenco, the FSLN bases don't like Arguello -- who continues to struggle with drug and alcohol addictions -- but he remains completely loyal to Ortega and First Lady Rosario Murillo. Marenco characterized the Liberal coalition ticket of Eduardo Montealegre and PLC deputy Enrique Quinonez as "strong" and admitted that he is "comfortable" with the coalition. In reference to the state of the economy, Marenco commented that the Ortega administration faces some very tough challenges in light of the glaring contrast between promised jobs and improved services and the reality of sharp prices increases for water, electricity, fuel, and food.

## Central Bank - Nicaragua Remains on Track

19. (SBU) According to Antenor Rosales, President of

Nicaragua's Central Bank, the IMF visit went well, with Nicaragua meeting most of its targets. Rosales pointed out that both sides agreed on the importance of accounting for Venezuelan assistance, particularly the money from the oil import scheme. In Rosales' view, as long as the funds were used in productive sectors such as agriculture and infrastructure, the possible inflationary effects should be tolerable. (NOTE: Rosales indicated that income from the oil scheme totaled USD 128 million in 2007. END NOTE) Looking at 2008 and beyond, for the FSLN to fulfill its campaign promises, Rosales believes the GON needs to solve the electricity shortage problem, improve the investment climate to attract investors (and generate the promised jobs and economic growth), and keep macroeconomic stability to keep the blessing and approval of the IMF and donors.

Agreeing to Disagree

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¶10. (C) Aside from agreeing to check the status of a draft Standard of Forces Agreement (SOFA) stalled in the Ministry for two months, Foreign Minister Samuel Santos was either evasive or prickly on a range of topics including pending American citizen property disputes, Nicaragua's liberal interpretation of their rights based on the Hague's recent decision on the 82nd parallel, the potential suspension of elections in the RAAN, and the "independence" of the CSE. Santos referred to Montealegre and the Liberals as "political infants" whose inability to resolve their internal problems was not the fault of the FSLN. He emphasized that the CSE's decision to move up the electoral calendar did not favor the FSLN. Santos admitted that the Liberal coalition, if it stands, "will be difficult" in the Managua mayoral race.

¶11. (U) In a comprehensive interview with the daily newspaper "El Nuevo Diario," Feeley emphasized our positive engagement in Nicaragua as exemplified by our MCC program and Hurricane Felix reconstruction efforts. He noted the USG's satisfaction with Ortega's willingness to negotiate a settlement on the MANPADs issue. He remarked that while the USG has not yet reached the point where precise numbers can be discussed, both sides have shown a strong willingness to work towards a solution that benefits the Nicaraguan people. Feeley also made it clear that, despite the generally positive direction of the USG-GON relationship, the USG expects the GON to take the measures necessary to resolve the over 600 outstanding property cases in accordance with Congressional mandates. Mentioning the Merida Initiative, Feeley then described the USG's commitment to work with Mexico and the Central American governments to fight narco-trafficking and terrorism, further extending the USG's overall commitment to Nicaragua.

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